



eID

Transport &
Smart Cities

Traceability &
Brand Protection

Payment

Press release – March 28, 2022 - 7:30 a.m.

First-half results for the six months ended 31st December 2021

- Strong growth in revenues: 39% overall growth, 27% organic growth
- EBITDA up 12% - EBITDA margin in H1 of 6.9%
- Strategic initiatives progressing (Payment, Retail IoT, RTLS and digital ticketing)
- Successful integration of new acquisitions: Security Label and EDM
- Increase in debt to finance acquisitions, working capital and capital expenditures

Confirmation of strong double-digit growth for the full year

Paragon ID (Euronext Paris - FR0013318813 - PID), the European leader in RFID solutions, publishes its consolidated results for the 1st half of the 2021/22 financial year, which will close on 30th June 2022. These consolidated results have been the subject of a limited review by the company's auditors and were approved by the board of directors of Paragon ID SA on 24th March 2022.

In € million – IFRS standards	H1 2020/21 (6 months) 31 st Dec 2020	H2 2020/21 (6 months) 30 th Jun 2021	H1 2021/22 (6 months) 31 st Dec 2021	FY 2020/21 (12 months) 30 th Jun 2021
Turnover	40.7	43.2	56.6	83.9
EBITDA¹	3.5	2.3	3.9	5.8
<i>EBITDA margin¹</i>	8.6%	5.3%	6.9%	6.9%
Expenses related to share-based payments	-0.2	-0.1	-0.0	-0.3
Amortization and depreciation charges	-4.1	-3.5	-4.7	-8.6
Current operating loss	-0.7	-2.3	-0.8	-3.0
Non-recurring expenses	-1.7	-0.4	-0.7	-2.1
Operating loss	-2.5	-2.6	-1.5	-5.1
Financial result	-0.6	-0.6	-1.0	-1.2
Other and taxes	0.4	0.3	0.0	0.7
Net loss	-2.7	-3.0	-2.5	-5.7

¹ Current operating income before (i) depreciation and amortization, and (ii) calculated charges related to share-based payments.

airweb is consolidated within Paragon ID since 1st November 2020. Apitrak is consolidated since 1st June 2021 and Security Label GmbH is consolidated since 1st July 2021. The new subsidiaries created to host the purchase of the assets of EDM are consolidated since 1st October 2021.

Strong growth from the combination of the post-Covid recovery in traditional activities and advances in the company's transformative strategic initiatives

In the traditional activities,

- **Transport & Smart Cities** posted growth of 47%, compared to the corresponding prior year six months, as clients replenished stocks of tickets and cards, responding to the progressive return of commuters and tourists to urban transport networks.
- In **e-ID**, the reopening of borders and the progressive relaxing of travel restrictions drove demand for passports and other forms of electronically secured identification, resulting in growth of 33% in H1 compared to the corresponding prior year six months.

In the transformative strategic initiatives,

- The continued success of the company's platforms for **Real-Time-Locating-Systems (RTLS)** and the integration of new subsidiary **Security Label GmbH** underpinned growth in **Track & Trace** which increased 57% compared to the corresponding prior year six months.
- In **Digital Ticketing**, the consolidation of **airweb** since November 2020 and the first deployments of Account-Based-Ticketing solutions in France marked the beginning of the pivot from sales of commoditised ticketing media towards Platform as a Service (PaaS) solutions.
- While the company has since received its first significant orders for large volumes of RFID Tags destined for the **Retail Internet of Things (IoT)** market, there was little revenue recorded in this activity in H1.
- In **Payment**, growth in H1 was limited to 10% due to a difference in timing of delivery of significant orders for specialty inlays on the **Amatech** subsidiary.

Further information on sales appears in the H1 revenue press release of 31st January 2022 ([click here](#)).

EBITDA¹ up 12%, EBITDA margin of 6.9%

EBITDA in H1 2021/22 was €3.9m, increasing by 12% over the same period last year. The percentage EBITDA margin declined from the prior year's 8.6% to 6.9% due to the following:

- In H1 2020/21, the company benefited from governmental measures supporting companies during the Covid-19 pandemic. The company also benefited from indemnities received from some clients who did not fulfil minimum contracted volumes. These elements account for most of the EBITDA margin variation.
- Supply chain disruptions caused significant increases in Paragon ID's costs of raw materials in H1 2021/22. The inevitable time-lag in passing these increases on to customers resulted in depressed gross margins in the period.
- The consolidations of the company's tech start-ups (Apitrak and airweb) and the integration of recently acquired entities, which had been weakened by the pandemic (Security Label and EDM), had an initial dilutive effect on the company's overall EBITDA percentage margin.
- Finally, with the ongoing support of Paragon ID's controlling shareholder, Paragon Group, the company was able to pursue its strategic objectives throughout the period, with increased investment in payroll and operating expenses (reducing EBITDA), as well as additional capital expenditure.

Amortization and depreciation increased from €4.1m to €4.7m due to the increased investment in capital expenditure and due to the impact of the acquisitions made over the last 18 months.

Exceptional, one-off costs in the period declined from €1.7m to €700k. The H1 charge of €700k arises from a technical interpretation of certain clauses attaching to a recent acquisition. Financial charges, comprising interest on borrowings and costs of factoring were €1m in the 1st half.

The company's net result for H1 2021/22 was a loss of €2.5m compared to a loss of €2.7m for H1 2020/21.

¹ Current operating income before (i) depreciation and amortization, and (ii) calculated charges related to share-based payments.

Balance Sheet as at 31st December 2021

In € million – IFRS standards	2021 12/31	2021 06/30 ¹
Non-current assets	103.1	96.1
Incl. goodwill	62.1	59.8
Current assets	36.4	28.2
Trade & other receivables	9.6	8.6
Inventories	19.9	13.3
Cash	9.2	13.7
TOTAL	148.7	137.9

In € million – IFRS standards	2021 12/31	2021 06/30 ¹
Equity	23.3	27.8
Financial debts	35.1	32.6
Bank loans	30.4	27.8
Bank overdrafts	4.7	4.7
Parent company loans	25.3	22.6
Leasing debts	6.5	6.4
Trade & other payables	30.1	23.8
Other liabilities	28.4	24.7
TOTAL	148.7	137.9

¹ Financial statements as at 30 June 2021 have been restated for the effects of the completion of the purchase price allocation (PPA) exercise related to the acquisition of Apittrak.

Increase in total assets

Acquisitions and capital expenditure in the six months ended 30th June 2021 caused non-current assets to increase by €7.0m.

The recovery in the company's activities and the consolidation of three new subsidiaries since H1 2020/21, alongside supply chain disruptions caused working capital to increase. Supply disruptions and cost increases in key material components, including chips for RFID inlays, papers and adhesives prompted higher inventory holdings to service customers' requirements.

Increase in debt to finance growth and acquisitions

Operating cash inflow in the six months ended 31st December 2021 was €1.2m, despite an increase of €2.1m in working capital in the period. Capital expenditures of €5.4m resulted in net cash outflows of €4.1m.

Completion payments related to the acquisitions of Security Label GmbH and the assets of EDM totalled €3.9m.

The increase in net debt was financed by additional intercompany loans from the Paragon Group, a state-guaranteed loan ("Pret Participatif de Relance") for €3.7m and from cash.

In January 2022, Paragon ID obtained an additional €5.0m in financing in the form of a "Green Loan" from the French Bank for Investment (BPI), to finance the company's pivot towards greener and more sustainable products and services.

Annual 2021/22 double digit revenue growth expected

As previously signalled, Paragon-ID expects to complete the FY 2021/22 in high double-digit growth compared to the prior year. Visibility of orders, stocks and deliveries permits the company to maintain this expectation, provided continuing supply chain disruptions do not deteriorate further.

Supply chain disruptions and material cost increases continue to be a source of risk for the company in the near-term and the medium-term. In addition to shortages of chips and other electronic components, supplies of paper, adhesives and other materials have been disrupted. Cost inflation in all material components is an ongoing challenge.

At this time, it is too early to assess the potential disruption and cost impacts pursuant to Russia's actions in Ukraine. No impact is recorded in the financial reporting as at 31st December 2021.

2022 financial calendar

2022/22 Q3 turnover	27th April 2022
2022/22 Q4 turnover	26th July 2022
2021/22 Yearly results	25th October 2022

These dates are given for information only and may be changed if necessary. Publications will take place before the opening of the Euronext markets.

About Paragon ID

About Paragon ID Paragon ID is a leader in identification solutions, in particular in the e-ID, Transport & Smart Cities, Traceability & Brand Protection and Payment sectors.

Paragon ID employs more than 500 staff, with manufacturing sites in US and Europe, close to its customers.

Paragon ID is listed on Euronext Paris with a majority of its shares being held by Paragon Group, a leading provider of Customer Communications. Identification solutions and Graphic services. Paragon Group is present in more than 20 countries with more than 9,000 employees around the world and achieved consolidated sales of € 1.214 Bn at the end of the 2020/21 financial year (closed June 30, 2021), recording a growth of 12%.

For further information about Paragon Group, visit Paragon-Europe.com.

Euronext Paris - Share identification: Paragon ID - ISIN Code: FR0013318813 - Mnemonic code: PID.

For further information about Paragon ID, visit Paragon-id.com.

Contacts

Paragon ID Clem Garvey CEO Tel: +33 (0)2 48 81 61 00 clem.garvey@paragon-id.com	ACTUS finance & communication Investor Relations Mathieu Omnes Tel: +33 (0)1 53 67 36 92 momnes@actus.fr	ACTUS finance & communication Press relations Fatou-Kiné N'Diaye Tel: +33 (0)1 53 67 36 34 fndiaye@actus.fr
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Appendices - Alternative performance indicators

EBITDA

Paragon ID defines EBITDA as Current operating income before (i) depreciation and amortization, and (ii) calculated charges related to share-based payments.

In € million – IFRS standards	H1 2021/22 (6 months) 31 Dec 2021	H1 2020/21 (6 months) 31 Dec 2020	FY 2020/21 (12 months) 30 Jun 2021
Operating income	-1.5	-2.5	-3.0
Non-recurring income and expenses	-0.7	-1.7	-2.1
Current operating income	-0.8	-0.7	-3.0
Expenses related to share-based payments	-0.0	-0.2	-0.3
Amortization and depreciation charges	-4.7	-4.1	-8.6
EBITDA	3.9	3.5	5.8
<i>EBITDA margin</i>	6.9%	8.6%	6.9%